

# Is “Tax Day” Too Burdensome for the Rich?

## The U.S. Tax System Is Not as Progressive as You Think

Many politicians, pundits and media outlets have recently claimed that the richest one percent of American taxpayers are providing a hugely disproportionate share of the tax revenue we need to fund public services. New data from Citizens for Tax Justice show that this simply is not true. CTJ estimates that the share of total taxes (federal state and local taxes) paid by taxpayers in each income group is quite similar to the share of total income received by each income group in 2008.

- The total federal, state and local effective tax rate for the richest one percent of Americans (30.9 percent) is only slightly higher than the average effective tax rate for the remaining 99 percent of Americans (29.4 percent).
- From the middle-income ranges upward, total effective tax rates are virtually flat across income groups.

### Incomes and Federal, State & Local Taxes in 2008

	Average cash income	Shares of		TAXES AS A % OF INCOME		
		Total income	Total taxes	Federal taxes	State & local taxes	Total taxes
Lowest 20%	\$ 12,000	3.2%	2.0%	6.8%	11.9%	<b>18.7%</b>
Second 20%	24,500	6.7%	5.0%	11.0%	11.2%	<b>22.3%</b>
Middle 20%	40,000	11.1%	10.1%	15.9%	11.1%	<b>27.0%</b>
Fourth 20%	66,100	18.4%	18.5%	18.9%	11.1%	<b>30.0%</b>
Next 10%	101,000	14.0%	14.8%	20.3%	11.1%	<b>31.5%</b>
Next 5%	144,000	10.1%	10.9%	21.4%	10.8%	<b>32.2%</b>
Next 4%	253,000	14.3%	15.5%	22.0%	10.1%	<b>32.1%</b>
Top 1%	1,445,000	22.2%	23.0%	22.7%	8.2%	<b>30.9%</b>
<b>ALL</b>	<b>\$ 70,400</b>	<b>100.0%</b>	<b>100.0%</b>	<b>19.4%</b>	<b>10.3%</b>	<b>29.8%</b>
<b>Addendum:</b>						
<b>Bottom 99%</b>	<b>\$ 56,500</b>	<b>77.9%</b>	<b>76.8%</b>	<b>18.4%</b>	<b>10.9%</b>	<b>29.4%</b>

**Notes:**

1. Taxes include all federal, state & local taxes (personal and corporate income, payroll, property, sales, excise, estate etc.).
2. For calculations of income shares and taxes as a % of income, income includes employer-paid FICA taxes and corporate profits net of taxable dividends, neither of which is included in the average cash income figures shown.

Source: Institute on Taxation and Economic Policy Tax Model, April 2009

Claims that the richest one percent are paying far more than their fair share usually focus only on one type of federal tax paid (the federal income tax) while ignoring other regressive federal taxes, like the payroll tax, which is more significant for most taxpayers. They also ignore state and local taxes, which tend to tax low- and middle-income families more heavily than well-off families. As these figures make clear, the richest Americans are *not* being “overtaxed” relative to other Americans or relative to their share of national income.

